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Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

2011

Department of the Treasury
Internal Revenue Service

For calendar year 2011 or other tax year beginning **JUN 1, 2011**, and ending **MAY 31, 2012**

Open to Public Inspection for
501(c)(3) Organizations Only

<p>A <input type="checkbox"/> Check box if address changed</p> <p>B Exempt under section <input checked="" type="checkbox"/> 501(c)(3)) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)</p> <p>C Book value of all assets at end of year 181,017,131.</p>	<p>Print or Type</p>	<p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) PRAIRIE LAKES HEALTH CARE SYSTEM, INC,</p> <p>Number, street, and room or suite no. If a P.O. box, see instructions. PO BOX 1210</p> <p>City or town, state, and ZIP code WATERTOWN, SD 57201</p> <p>F Group exemption number (See instructions.)</p> <p>G Check organization type <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p>	<p>D Employer identification number (Employees' trust, see instructions) 46-0391067</p> <p>E Unrelated business activity codes (See instructions) 621500 722320</p>
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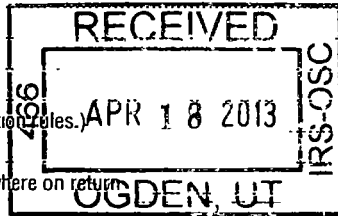
H Describe the organization's primary unrelated business activity. **▶ REFERENCE LAB, CATERING AND RETAIL PHARMACY**

I During the tax year, was the corporation a subsidiary of an affiliated group or a parent-subsidiary controlled group? Yes No
If "Yes," enter the name and identifying number of the parent corporation. **▶**

J The books are in care of **▶ ADAM PAUL** Telephone number **▶ 605-882-7000**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales <u>1,153,629.</u>			
b Less returns and allowances <u>429,893.</u> c Balance ▶	1c 723,736.		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit. Subtract line 2 from line 1c	3 723,736.		723,736.
4a Capital gain net income (attach Schedule D)	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c Capital loss deduction for trusts	4c		
5 Income (loss) from partnerships and S corporations (attach statement)	5		
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11		
12 Other income (See instructions; attach schedule.)	12		
13 Total. Combine lines 3 through 12	13 723,736.		723,736.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions) (Except for contributions, deductions must be directly connected with the unrelated business income.)			
14 Compensation of officers, directors, and trustees (Schedule K)	14		
15 Salaries and wages	15	259,350.	
16 Repairs and maintenance	16	2,259.	
17 Bad debts	17		
18 Interest (attach schedule)	18		
19 Taxes and licenses	19		
20 Charitable contributions (See instructions for limitations on deductions.)	20		
21 Depreciation (attach Form 4562)	21	8,880.	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a		22b 8,880.
23 Depletion	23		
24 Contributions to deferred compensation plans	24		
25 Employee benefit programs	25	57,049.	
26 Excess exempt expenses (Schedule I)	26		
27 Excess readership costs (Schedule J)	27		
28 Other deductions (attach schedule)	28	228,988.	
29 Total deductions. Add lines 14 through 28	29	556,526.	
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	167,210.	
31 Net operating loss deduction (limited to the amount on line 30)	31	167,210.	
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	0.	
33 Specific deduction (Generally \$1,000, but see instructions for exceptions.)	33	1,000.	
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34		0.



SEE STATEMENT 2

SCANNED APR 30 2013

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Part III Tax Computation

Table with 3 columns: Description, Amount, Total. Rows include Organizations Taxable as Corporations, Trusts Taxable at Trust Rates, Proxy tax, Alternative minimum tax, and Total.

Part IV Tax and Payments

Table with 3 columns: Description, Amount, Total. Rows include Foreign tax credit, Other taxes, Total tax, Payments, Estimated tax penalty, Tax due, Overpayment, and Refunded.

Part V Statements Regarding Certain Activities and Other Information (see instructions)

Table with 3 columns: Question, Yes, No. Rows include financial account interest, foreign country name, and tax-exempt interest.

Schedule A - Cost of Goods Sold. Enter method of inventory valuation N/A

Table with 3 columns: Description, Amount, Yes/No. Rows include Inventory at beginning/end of year, Purchases, Cost of labor, Additional section 263A costs, and Total.

Sign Here section with signature of officer, date, title, and Paid Preparer Use Only section with preparer name, firm name, address, and EIN.

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)(see instructions)

1. Description of property

(1)			
(2)			
(3)			
(4)			
2. Rent received or accrued		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)	
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)		
(1)			
(2)			
(3)			
(4)			
Total	0.	Total	0.
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A)		(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B)	
		0.	

Schedule E - Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property		2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property	
			(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals			Enter here and on page 1, Part I, line 7, column (A). 0.	Enter here and on page 1, Part I, line 7, column (B). 0.
Total dividends-received deductions included in column 8				0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
Totals			Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A). 0.	Add columns 6 and 11 Enter here and on page 1, Part I, line 8, column (B). 0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization
(see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals	0.			0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income
(see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals	0.	0.				0.

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	0.	0.				0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3) If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	0.	0.				0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0.

FOOTNOTES

STATEMENT 1

FORM 990-T, PART II, LINE 31	
NET OPERATING LOSS CARRYFORWARD	
NET OPERATING LOSS FROM 1996 TO 2008	492,613.
05/31/2009 NET OPERATING LOSS	358,646.
05/31/2010 NET OPERATING LOSS	39,463.
05/31/2011 NET OPERATING LOSS	140,232.
05/31/2012 NET OPERATING LOSS USED	-167,210.
NET OPERATING LOSS CARRYFORWARD TO 05/31/2012	863,744.

FORM 990-T OTHER DEDUCTIONS STATEMENT 2

DESCRIPTION	AMOUNT
OTHER EXPENSES	43,711.
PROFESSIONAL FEES	38,376.
SUPPLIES	144,704.
TRAVEL	1,924.
RENTAL	273.
TOTAL TO FORM 990-T, PAGE 1, LINE 28	228,988.